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FISCAL IMPACT STATEMENT

LS 6861

BILL NUMBER: SB 346

NOTE PREPARED: Feb 7, 2013

BILL AMENDED: Jan 29, 2013

SUBJECT: Redevelopment Commissions.

FIRST AUTHOR: Sen. Head

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) This bill provides that a redevelopment commission may, subject to prior approval by the unit's fiscal body, provide financial assistance to the owner of commercial property within a redevelopment project area or economic development area designated by the redevelopment commission, to assist the owner in constructing, rehabilitating, or repairing the commercial property.

Effective Date: July 1, 2013.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) *Summary:* This bill would not affect overall TIF revenues. It would, however, allow an additional use for the proceeds.

Currently, if the amount of allocated assessed value in a TIF area exceeds the amount necessary to generate sufficient funds to meet obligations, then the excess AV must be reallocated to the affected taxing units. The reallocation of AV to the taxing units reduces tax rates and increases revenues in cumulative funds. If a redevelopment commission elects to pay expenses allowed under this bill, the amount of excess AV available for reallocation could be reduced.

Background: Under current law, proceeds from TIF allocations may be used to:

1. Pay debt service on obligations incurred for the financing of redevelopment in the allocation area;

2. Deposit funds into a debt service reserve to pay bonds;
3. Pay debt service on bonds used to pay for local improvements in or connected to the allocation area;
4. Pay premiums on early bond redemptions;
5. Make lease payments;
6. Reimburse the local unit for the cost of making local improvements;
7. Reimburse the local unit for rent paid by the unit for a building or parking facility in or connected to the allocation area;
8. Pay expenses incurred by the redevelopment commission for public improvements in or serving the allocation area;
9. Reimburse public and private parties for expenses in training employees of certain industrial facilities; and
10. Pay the cost of carrying out an eligible efficiency project within the taxing unit that established the redevelopment commission.

Under this bill, subject to the approval of the fiscal body that created the redevelopment commission, TIF proceeds could also be used to provide financial assistance to construct, rehabilitate, or repair commercial property within the redevelopment district. This bill would also legalize any such expenditures made before July 1, 2013.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Redevelopment commissions; Local civil taxing units and school corporations.

Information Sources:

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